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### MINISTRY OF COMMERCE & INDUSTRY

#### RESOLUTION

*New Delhi, the 16th July 1956*

**No. I&S(A)-2(161)/56.**—In their letter No. SC(A)-2(103)/53, dated 21st December 1953, Government of India in the Ministry of Commerce and Industry requested the Tariff Commission to enquire into and recommend the retention price of steel payable to Mysore Iron and Steel Works from 1st April 1954. The Commission was also requested to recommend retention prices payable for the different grades of Pig Iron produced by the Works from 14th November, 1953, i.e., the date on which Mysore Pig Iron was brought into the distribution pool. The Tariff Commission having completed their enquiry has now submitted its report. The main conclusion and recommendations of the Tariff Commission are:—

- (i) The estimated annual Production of steel and Pig Iron is about 27,720 tons and 79,000 tons respectively.
- (ii) The fair ex-works retention price payable for mild steel sections is Rs. 392 per ton in 1954-55 and Rs. 405 per ton from 1955-56 to 1959-60.
- (iii) The fair retention prices payable for pig iron of standard foundry grade are Rs. 178.5 per ton from 14th November, 1953 to 31st March, 1954, Rs. 197.0 per ton in 1954-55 and Rs. 195.0 per ton from 1955-56 to 1959-60.
- (iv) Railway Board should be asked to re-examine the possibilities of allowing the works to use 'all rail route' for the transport of coal and if the Railway Board agree, the retention price recommended should be suitably adjusted.
- (v) Mysore Government should examine whether they could reduce the price charged on manganese ore supplied to the works.
- (vi) Mysore Government should examine the possibility of supplying electric power at a special rate to the works in order to help the works to bring down their costs nearer to the level of other producers.
- (vii) The works should take steps to obtain refractories at a lower cost and also examine the possibilities of a further reduction in the consumption of refractories.
- (viii) The Works should maintain separate balance sheets for their different activities and Government should prevail on them to submit the balance sheet for steel for the year 1955-56 before 30th June, 1956.
- (ix) A return of 7 per cent. on block should be allowed and the entire surplus left overpayment of interest, should be credited to the Reserve Fund.

2. The Government of India have accepted the main recommendations of the Tariff Commission and have decided to fix ex-works retention prices of steel and pig iron payable to Mysore Iron and Steel Works as follows:

*Steel*

Rs. 392 per ton from 1st April, 1954 to 31st March, 1955.

Rs. 405 per ton from 1st April, 1955 to 31st March, 1959.

*Foundry Grade Pig Iron*

Rs. 178.5 per ton from 14th November, 1953 to 31st March, 1954.

Rs. 197 per ton from 1st April, 1954 to 31st March, 1955.

Rs. 195 per ton from 1st April, 1955 to 31st March, 1959.

3. Certain schemes for the expansion of the Works are under consideration and if these are completed by then, production in 1959-60 would be higher and costs might be materially different. It has therefore been decided to apply the prices indicated above for the present upto 31st March, 1959 only. Thereafter, in the light of the circumstances then prevailing, the prices may either be continued or the matter may, if necessary, be referred to the Commission again.

4. The attention of the Mysore Government is drawn to recommendations (v), (vi), (vii) and (viii) referred to in paragraph 1 above and the Government of India trust that the State Government will give their urgent consideration to them with a view to implement them. Recommendation (iv) will be further examined in consultation with the Railway Board.

N. SUBRAHMANYAM, Joint Secy.